



Planting Entrepreneurial Innovation in Inner Cities

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by Daniel Isenberg | **Comments (0)**

Remember just a decade ago when the term "inner city" basically meant "dead city," conjuring up images of destruction, dereliction and despair? Today, inner cities are "in" — innovative, hip hotbeds of convenient culture, commerce and connection. Scholars such as Richard Florida (http://www.creativeclass.com/_v3/whos_your_city/) and Edward Glaeser (<http://triumphofthecity.com/>), among others, are showing that although increasing problems accompany increasing density, urban access to the good things of life increases even faster. The centripetal force of today's cities is pulling the ambitious and educated back in, and increasing cities' innovative capacity, without sacrificing (at least some would argue) their inclusiveness.

Entrepreneurs, too, are moving downtown: London, Boston, Barcelona and Buenos Aires are balancing the suburban pull of Silicon Valley and Route 128. Venture capitalists are close behind.

(<http://www.bizjournals.com/sanfrancisco/blog/2012/05/benchmark-capital-opening-mid-market.html>) Smart mayors, such as Boston's Mayor Menino and New York's Mayor Bloomberg, are fostering holistic entrepreneurship ecosystems (<http://entrepreneurial-revolution.com/2011/11/seeding-entrepreneurship/>) to strengthen and accelerate the trend. Nor do you have to be a mammoth metropolis to have an urban entrepreneurship policy: led by Mayor Jorge Rojas, this month a dozen public and private institutions in the city of Manizales, known throughout Colombia for its concentration of universities and safe environment, in partnership with the Babson Entrepreneurship Ecosystem Project (<http://entrepreneurial-revolution.com/>), launched a four-year initiative to dramatically increase the concentration of high growth entrepreneurship in the city.

What are we learning about what cities can do to foster entrepreneurship and innovation?

Develop an inclusive vision of high growth entrepreneurship. On the one hand, it is a reality that a small number of extraordinary entrepreneurial successes have a disproportionately stimulating effect on the environment for entrepreneurship in a city, such as the impact of Skype on Tallinn, Estonia (<http://en.wikipedia.org/wiki/Skype>). By definition, only a few can be extraordinarily successful, and city leaders need to communicate a coherent message to those "elites" about how important they are to your city's future, that you need them there and will work to make it attractive. At the same time, the influx of ambitious, highly educated, opportunity-seeking entrepreneurs may risk creating social divisiveness. This can be countered with a strong message to entrepreneurs that they need to play a role in community building. With the encouragement of City Hall, entrepreneurs in Boston's Innovation District (<http://www.innovationdistrict.org/>) created Innovation District Entrepreneurs After work (IDEA) to organize community events.

In parallel, you need to tirelessly communicate a coherent message to all of the stakeholders and residents, highlighting the entrepreneurial benefits of dignified job creation, quality of the environment, and innovative capacity. Boston's Mayor Menino and his staff developed and have repeated hundreds of times the mantra of the Innovation District: "Live, work, play." An intense social media strategy, combined with direct outreach, has led to numerous joint activities between the naturally less-affluent, creative Fort Point artists' community (<http://www.fortpointarts.org/>) and the Innovation District.

Use best processes, not best practices. As one of the leaders of the Innovation District put it to me, "We are a 'platform,' not a program." An ecosystem exists in nature when numerous species of flora and fauna interact in a dynamic, self-adjusting balancing act. Thus, in cities, you need to provide a broad platform to support the inclusive vision, encouraging restaurateurs, designers, neighborhood groups, schools and universities, real estate developers,

law firms and architects, chambers of commerce and other government agencies to interact with each other in innovative ways. *Best processes are more important than best practices.*

Boston's Innovation District was launched with clear vision and commitment, but, surprisingly, one of its keys to success was that it had no detailed plan, budget, organizational structure, nor even an officially designated team. The fuzziness was a counter-intuitive advantage in engaging diverse stakeholders to define for themselves the role they would play. The mayor and his staff were inspirational facilitators, not controllers. They were not shy about making specific proposals and asking for investments from the private sector, but more as a way to concretize the projects' feasibilities than to push particular programs.

One element of "best process" in fostering entrepreneurship ecosystems is *experimentation*. As Mayor Menino put it, "We'll experiment with alternative housing models. We will test new ideas that provide live/work opportunities to entrepreneurs and affordable co-housing for researchers.... We'll give architects and developers the challenge to experiment with new designs, new floor plans, and new materials. Our mandate to all will be to invent a 21st century district that meets the needs of the innovators who live and work in Boston." Experiment. Test. Invent.

Define principles, not clusters. Innovation, creativity, design, sustainability, experimentation, entrepreneurship, inclusiveness: these are example principles to be infused into the city's collective consciousness. But don't prioritize specific sectors. One of the drawbacks of popular cluster (<http://scienceprogress.org/2009/09/the-geography-of-innovation/>) strategies is that prioritizing sectors serves as a signal to entrepreneurs about where they should seek opportunity: currently, clean tech and mobile applications, for example, are *de rigueur*. Tomorrow it may be space travel. But you should ask, not tell. It is the entrepreneur's job, not City Hall's or that of a consulting firm, to learn how to identify opportunity, usually where most people think it doesn't exist. In fact, many of the great opportunities defy definition and lie in the creative "inter-sectors": health care *and* the environment; real estate development *and* information technology *and* cleantech; education *and* mobile communications.

Invest time, not money. Nothing is free, but one of the big temptations is for governments to step into the ubiquitous resource void with capital for either the ventures themselves, or financial incentives for capital providers, or direct funding of space for entrepreneurs. This is to be avoided: better to spend your energy persuading the stakeholders that it is worth *their* while to make those investments. In Boston, the mayor called on the major real estate developers to set aside a percentage of their developments for entrepreneurship and innovation. This led to the attraction of MassChallenge (<http://masschallenge.org/>), the world's largest startup competition and accelerator, which received a free floor in a new office building. This also led to the allocation of portions of high-end condominium developments to less lucrative, convenient live/work space for entrepreneurs, as well as the 12,000-square-foot Boston Innovation Center. At first, the developers seemed to be appeasing the mayor in exchange for City Hall's good will in issuing permits. But as they are experiencing for themselves the impact of the Innovation District's attractiveness and growth on the value of their properties, the investment is seen as enlightened self-interest.

Instead of hard cash, hardwire your calendar for entrepreneurship. Your time is one of the scarcest resources you can invest. Look at your schedule: how do you allocate your 70-hour-plus work week? Even just one hour for entrepreneurship out of the 70 will go a long way. Go to office openings of new ventures, make a congratulatory call to those who raise money, write a thank you note to the entrepreneur who hired a few engineers or a high school summer intern. Invite an entrepreneur for a short chat and a chance to have a photograph with you. Have a monthly breakfast meeting with a different group of entrepreneurs to solicit their ideas for how the city can be better for them. Ask, don't tell. Celebrate the success.

Fight the battle for talent, not capital. Although entrepreneurs will always complain first about the chronic difficulty of raising money, the smart ones know that talent is the more important battle to win, because money follows talent. Make your city an amazing place for the most talented entrepreneurs, innovators, and creative people to come to seek their futures, to live, work and play in. The coffee shops, environmental art, evening bars, museums, bicycle lanes and rent-a-bikes, all build the buzz. In every city I work with, I start by asking entrepreneurs where they really want to be — and the unfailing consensus is uncanny: entrepreneurs need to crowd around these urban watering

holes. In Boston it has become the Seaport. In Istanbul, it is Beyoglu (<http://en.wikipedia.org/wiki/Beyoglu>) . In Manizales, it is El Cable. Invite colleges and universities to establish presence or hold classes there, as Babson has done in the Innovation District, and as Harvard's Kennedy School has done with its program for innovation policy makers. Successful later-stage ventures that need dozens and hundreds of talented people, and provide dozens of jobs, will take notice, and will not be able to afford to stay away.

Building on urban entrepreneurship policies such as these, and creating new ones, is the keystone for creating jobs and reinvigorating the global economy.